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TRADE EXPANSION AMONG DEVELOPING COUNTRIES: CONSTRAINTS AND MEASURES TO OVERCOME THEM

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CONTENTS

Chapter		Paragraphs
	INTRODUCTION AND SUMMARY	1 - 19
I.	MAIN TRENDS IN SOUTH-SOUTH TRADE RELATIONS	20 - 37
II.	STRUCTURAL OBSTACLES TO SOUTH-SOUTH TRADE	38 - 51
	A. The weakness of the transportation network	39 - 41
	B. Marketing and distribution	42 - 46
	C. Direct foreign investment	47 - 50
	D. Trade financing	51
III.	TRADE POLICY CONSTRAINTS	52 - 74
	A. Constraints on regional integration arising from adjustments to macro-economic imbalances	52 - 62
	B. Constraints arising from underlying features of trade control measures	63 - 74
IV.	COMPLEMENTARITIES IN SOUTH-SOUTH TRADE RELATIONS	75 - 84
V.	MEASURES AND PROSPECTS FOR SOUTH-SOUTH TRADE EXPANSION	85 - 108
	A. Need for closer co-ordination of national policies and integration measures	86 - 89
	B. The increasing role of the private sector	90 - 94
	C. Some new initiatives for revitalizing integration schemes	95 - 101
	D. Global schemes for trade expansion	102 - 104
	E. Financing of South-South trade and appropriate clearing arrangements	105 - 108

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INTRODUCTION AND SUMMARY

1. From the earliest years of international concern with the problems of development, the issue of trade has always been central to the debate. Those holding the classical views prevailing during the 1950s argued that, based on comparative advantage, exports from developing countries would begin with primary goods and subsequently move to labour-intensive manufactures, before gradually moving to more capital-intensive manufactures. Others took a different view, arguing that the developing countries would suffer from the inevitable long-term relative decline of the markets for primary goods and therefore should seek alternatives for their trade strategies.

2. Alternative policy proposals included special preferences in the markets of the industrialized countries, promotion of infant industries through import substitution and the promotion of integration groupings and other trade co-operation arrangements among developing countries, the latter intended, inter alia, to lower the cost of infant industry protection by expanding markets.

3. The 1970s were characterized by strong fluctuations in global economic activity and in prices. In contrast to previous decades, the growth in the value of developing country exports in the 1970s exceeded that of the developed countries, and by far the highest rate of expansion was recorded in the intra-trade of the developing countries. Markets of the developing countries proved to be the most dynamic destination for exports originating in both developed and developing countries.

4. A sharp increase in South-South trade in 1972-1974, in the context of sluggish markets and recession in the North, gave rise to hopes that South-South trade could become the new engine of export-led growth. It was felt that the Northern "engine of growth" had slowed down and that South-South co-operation would now have a more dynamic role to play and should be expanded to encompass a broader range of areas and activities. It was in this context that major elements of collective self-reliance such as the Global System of Trade Preferences (GSTP), multinational marketing enterprises (MMEs), State trading organizations (STOs), and payments and finance projects were designed to foster economic co-operation among developing countries and promote further expansion of South-South trade.

5. The great hopes for South-South trade generated by what turned out to be the relatively short-lived economic environment of the 1970s were not realized in the 1980s, when South-South trade again became the weakest link in the network of international economic relations. This weakness was related to the crisis affecting most developing countries in the 1980s associated with the debt burden and the collapse of commodity prices.

6. Stagnation of South-South trade during the 1980s reflected to a large extent the worsened economic environment that affected the overall economic performance of developing countries during those years. Major factors that contributed to this situation include:

- A decrease in world demand and consequently of prices for many raw materials, which reduced the export earnings of developing countries and contributed to a deterioration of their terms of trade;

- An increase in world interest rates, which imposed an additional burden on the servicing of the external debt of indebted developing countries, reducing further real import demand of the developing world;

- Contraction of commercial credits, which affected import demand, investments and consequently the export capacity of many developing countries;

- Increased protectionism in the developed countries affecting products of particular export interest to developing countries, with adverse consequences for the export earnings of a number of developing countries.

7. Since 1986, when the debt crisis was at its peak, the situation of developing countries has improved in several respects: trade has rebounded, generating for a number of developing countries a reduction of the current account deficit and of the debt service ratio (expressed as a percentage of export earnings). South-South trade has also increased in value terms from its lowest level of the decade reached in 1986, although its share in total exports of developing countries has recorded only a minor improvement.

8. This relatively sluggish recovery has given rise to a certain pessimism as to the prospects for South-South trade in the 1990s and as to the emphasis to be placed on this flow of trade in the export strategy of developing countries.

9. In the context of developments in the 1980s, there has been some considerable shift in trade policies in many developing countries towards greater trade liberalization and with greater emphasis on export enhancement as against inward-oriented import substitution policies. This shift has been brought about both at the instigation of the international financial institutions and creditor countries and as a result of the international diffusion of a market-oriented philosophy which gained widespread momentum in the latter 1980s. The speed and tenacity with which this philosophy has taken hold no doubt reflect underlying aspects of the emerging international economy which justify its relevance, for example the ever-increasing role of trade as a vehicle for keeping up with developments in modern technology and hence for retaining (and perhaps achieving) a competitive advantage in trade.

10. In consequence, a large number of developing countries undertook major reforms of their trade policies during the 1980s, and as a result many of these countries now have lower tariffs, as well as a lower incidence of non-tariff barriers. 1/

11. The pursuit of more market-oriented economic policies in general, and export-oriented policies in particular, as well as efforts to service debt, have been associated with the attention of many Governments of developing countries being centred on the expansion of exports to developed countries. Exchange rate policies, industrial strategy, including investment codes, and policies towards transnational corporations have all been adapted with this goal in mind.

12. There is a widespread perception in many developing countries embarking on industrial development that trade relationships with developed countries are of overwhelming importance and that the path to maximizing export growth lies in seizing the opportunities provided by the vast markets in developed regions. The experience of the East Asian countries has served to reinforce this perception. It is generally recognized, however, that it would not be feasible for all developing countries to replicate this experience and to expand their exports of low-wage, labour-intensive manufactures to the industrialized countries without meeting increasing resistance and barriers to entry. Alternative markets will therefore need to be found if developing countries as a group are to succeed in expanding their exports of manufactures at rates consistent with their growth needs. It is in this context, therefore, that the case for trade expansion among developing countries is best understood.

13. The question thus arises as to the prospects for realizing the expansion in South-South trade required to achieve desired growth targets. As will be made clear in the discussion below, there are numerous constraints to South-South trade expansion, and unless these are removed or relaxed, the required expansion in South-South trade cannot be realized. In order to properly assess the prospects for the required expansion in South-South trade, it is necessary to identify and analyse these constraints and to examine the measures necessary for their removal. On this basis proposals on how to facilitate trade expansion among developing countries could then be put forward. This is the approach followed by the present paper.

14. Chapter I reviews the main trends in South-South trade in recent years. The overall trends indicate stagnation in terms of value and decline as a percentage of world trade in the 1980s. The collapse of commodity prices, the rising cost of servicing the soaring level of external debt and a sharp contraction in commercial credits had a devastating impact on the import capacity of developing countries. The 1980s were characterizied by a clear shift in the direction of the export trade of the developing countries towards the markets of the developed world. This shift was particularly pronounced for exports of manufactured goods. Rapidly contracting real import demand in Latin America and Africa, linked with increases in the competitive position of South and South-East Asia on world markets, are the main factors accounting for this increase in the relative importance of the markets of the developed world in the exports of developing countries.

15. Chapter II reviews other structural obstacles to South-South trade, such as the weakness of the transportation, marketing and distribution network, and it also examines the role of direct foreign investments and trade financing in determining the direction of trade. It appears that the ad valorem incidence of transport cost on trade among developing countries is higher than on trade with the developed countries. Furthermore, developing country firms often lack the marketing skills, market knowledge and access to channels of distribution necessary to mount export drives in new markets. Moreover, the absence in the importing developing countries of large retailers, specialized importers and wholesalers offering after-sale service present a particular barrier to South-South trade. It is pointed out that a good deal of the success of some developing countries in penetrating markets of industrialized countries for non-traditional products has been due more to the role of foreign investments linked to production of goods destined for exports into the home markets of investors than to the marketing skills within the developing countries themselves.

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16. Chapter III examines the implications of certain aspects of trade policies of developing countries, at the regional and national levels, on South-South trade relations. It is argued that problems encountered by the majority of developing countries in the early 1980s shifted their priorities from long-term development and integration efforts to short-term balance-of-payments considerations at the expense of regional preferential arrangements. Moreover, trade liberalization measures included in programmes of structural adjustment brought about further erosion of regional margins of preferences.

17. Chapter III also examines constraints arising from underlying factors of trade control measures. Analytical computations based on UNCTAD's Trade Control Measures Information System (TCMIS) reveal that both the level and the structure of import taxation in developing countries present a major barrier to the expansion of South-South trade, penalizing, in particular, products which, due to resource endowment (e.g. agro-based consumer goods) and relative factor endowment (manufactured labour-intensive goods), have gained the highest comparative advantage on world markets. This observation indicates considerable potential for trade negotiations among developing countries aimed at extending trade preferences.

18. Chapter IV examines the role of resource and factor endowments in determining the pattern of trade among individual developing countries. The trade patterns of intra-developing country trade indicate a high degree of complementarity; this complementarity is higher in resource-based commodities and relatively lower in manufactured goods. Import demand is being met in increasing proportions from developing country sources in all the analysed commodity groups, except for agricultural raw materials, crude fertilizers, oilseeds and textile fibres. These exceptions reflect, inter alia, the fact that the real import demand in these product groups expanded faster than exportable surpluses in the developing world.

19. Chapter V reviews various measures and prospects for South-South trade expansion. It is suggested that action will have to be taken to overcome structural obstacles resulting from inadequate infrastructures (marketing, telecommunications, transportation), revise or reduce trade and fiscal policy barriers, establish new institutions to facilitate clearing and trade arrangements, and introduce improved legislation to attract capital and promote investments. Appropriate measures will also have to be adapted to the new economic environment resulting partly from structural adjustment programmes. Special emphasis is put on the need to strengthen economic incentives designed to promote intra-developing country trade and to improve co-ordination between national policies and integration measures. The last section concentrates on financing South-South trade and appropriate clearing arrangements.

Chapter I

MAIN TRENDS IN SOUTH-SOUTH TRADE RELATIONS

20. During the recent past, three distinct stages in the quantitative evolution of South-South trade relations may be noted:

(a) The stage of gradual increase in South-South trade in value terms but of decrease in terms of share in world trade. This period terminated in the very early 1970s, when South-South trade accounted for some 3.5 per cent of world trade;

(b) The stage of very pronounced expansion, when South-South trade became an important "engine of growth" for the developing countries. This period terminated at the beginning of the 1980s, when trade among developing countries accounted for almost 8 per cent of world trade;

(c) The current stage, characterized by stagnation in terms of value and decline in terms of the share of world trade.

21. Between 1981 and 1986, developing country intra-trade decreased gradually from $US 152.3 billion to $US 122.2 billion, to recover to the 1981 level by 1988. During the same period, the share of South-South trade in world trade declined from 7.8 per cent to 5.4 per cent. Excluding trade in mineral fuels, South-South trade fluctuated within a narrow range, but its share in world non-fuel trade decreased from 4.8 per cent in 1981 to 4 per cent in 1987 (see annex table 1).

22. It should be stressed, however, that the above analysis is based on data expressed in current prices in United States dollars. Consequently, the general fall in commodity prices and the depreciation of the dollar which occurred during this period have to be borne in mind in interpreting the results. 2/

23. The world recession of the early 1980s had a damaging impact on South-South trade in general, but its impact on the trade performance of individual regions varied considerably. The economic and financial crisis, the collapse of commodity prices, the rising cost of servicing the high level of external debt and the sharp contraction of commercial credits had a devastating impact on the import capacity of the Latin American and African countries.

24. Exports from the developing countries of the African region which accounted for over 12 per cent of South-South trade in 1970 decreased to 8.7 per cent in 1980 and to 5.3 per cent by 1988. For Latin America, the fall in the share of South-South exports was equally dramatic, from 30 per cent in 1970 to 21 per cent in 1980 and 14 per cent in 1988.

25. The experience of South and South-East Asian countries has been very different, their export share in South-South trade increasing from 37 per cent in 1970 to 53 per cent in 1988. During the crisis period this region expanded its export trade to other developing countries at a sustained rate and, in 1987 and 1988, at an accelerated pace. The more favourable

performance of this region in South-South trade was symptomatic of a much more favourable overall trade and economic performance experienced there, which reflected, inter alia, lower levels of debt burden and greater adaptability to the changing economic environment.

26. During the 1960s and 1970s, the relative importance of exports to developing countries in total exports of individual regions was growing gradually in all the regions, to reach its peak in 1981.

27. In 1981, the share for non-fuel exports was highest for West Asia, where 58.6 per cent of non-fuel trade were destined for the markets of other developing partners. The corresponding share for South and South-East Asia amounted to 34.2 per cent, for Latin America 28.0 per cent and for Africa 23.4 per cent.

28. By 1987 (the last year for which statistics are available at the required level of aggregation), the shares dropped in all regions as follows: in West Asia to 46.8 per cent; in South and South-East Asia to 25.1 per cent; in Latin America to 21.3 per cent; and in Africa to 18.4 per cent (see annex table 2).

29. The 1980s were characterized by a clear shift in the direction of trade of developing countries towards the markets of the developed world. This shift in the trend is reflected in the direction of exports of all the developing regions.

30. The clear shift in the direction of trade towards developed countries was particularly pronounced in exports of manufactured goods, reflecting in particular the sharper slowdown in economic growth in developing countries than in the industrial world. Faster growth in demand in the developed countries, the large size of their markets, and their relatively highly developed trade facilitation and finance infrastructure, as well as the high degree of complementarity based on resource and factor endowments, provided a strong pull towards the markets of developed countries.

31. Moreover, the heavy pressure of debt service obligations had a detrimental effect on South-South trade. High priority was attached to exporting for convertible currencies in order to service debt and to importing as far as possible on the basis of credit, concessional terms or aid, including tied aid. The capacity of developing countries to extend credit was limited. 3/

32. Among the products that recorded particularly high rates of growth in intra-developing country trade during the 1980s were semi-manufactured products (prepared fish and vegetables, processed oils), resource-based manufactured goods (organic chemicals, fertilizers, rubber articles, copper) and other highly labour-intensive manufactured products (plastic materials, textiles, paper and articles thereof). 4/ In addition, a number of products embodying high capital and skill intensities such as office machines, electrical machines, photographic and cinematographic supplies or sound recorders also contributed significantly to South-South trade expansion.

33. For many of the latter products, trade is concentrated in a very small number of exporters, with only eight of them (Republic of Korea, Hong Kong, Singapore, Malaysia, Brazil, Argentina, Thailand and India) accounting, in 1987, for over 50 per cent of intra-exports and for over 40 per cent of intra-imports.

34. Analysis of trade balances of interregional flows reveals a deficit for all the regions vis-à-vis Western Asia. This reflects the heavy expenditure of the developing world on imports of fuels from the Gulf countries (table 3 (c)).

35. South and South-East Asia, in their non-fuel interregional trade, have a traditional surplus vis-à-vis all the other regions which in 1987 amounted to almost $US 12 billion. This surplus is generated mainly through exports of manufactured products to Western Asia and Africa.

36. Africa's imports of food from Latin America and of manufactured goods from South and South-East Asia resulted in a considerable and growing deficit which in 1987 amounted to almost $US 6 billion.

37. As with South-South trade in general, the intra-trade of most integration groupings of developing countries suffered substantial setbacks in the 1980s, particularly in Latin America and Africa. Between 1981 and 1985, intra-trade of ALADI, the Andean Group, CACM and CEAO went down by over 20 per cent, and that of ECOWAS and UDEAC by over 40 per cent. 5/ In Asia, where the debt and payment crises were less widespread and less severe, intra-grouping trade suffered less.

Chapter II

STRUCTURAL OBSTACLES TO SOUTH-SOUTH TRADE

38. While the diversity of developing country economies, their different stages of development, and their possession of different factor endowments and natural resources can provide an effective stimulus to South-South trade, some natural and policy barriers still tend to inhibit this trade and to artificially favour trade with the industrialized world.

A. The weakness of the transportation network

39. Land transportation links among neighbouring developing countries are inferior qualitatively and quantitatively to those among developed countries. Moreover, some developing countries which are contiguous are not necessarily close economically. For example, although Argentina and Chile have a long common border, they have found it cheaper to ship steel around by sea than to transport it up over the passes of the Andes. This example illustrates the fact that, due to the shortcomings of international inland transport infrastructure, developing countries depend to a considerable extent on sea transport even for trade among neighbouring countries.

40. Thus, ocean transport has to play a crucial role in the strengthening of ties among developing countries through the improvement of transport and industrial linkages and, consequently, through the growth of intra-developing country trade. However, due to the international structure of shipping and its development over time, there has been a bias towards North-South services which has hindered the development of industrial and trade linkages between developing countries themselves. Apart from this structural problem, there is also a cost problem arising from the present small size of shipments among developing countries, as the existing liner routes often do not service intra-developing countries' trade and small lots necessitate costly trans-shipment. This may be partly due to the absence of collective policies and of the mechanisms necessary to aggregate, consolidate and rationalize such shipments. The fact is, however, that, partly because of the higher transport margin, intra-developing country trade remains burdened and at a disadvantage in comparison to the generally more competitive alternative of developing/developed countries' trade for the same or similar goods. 6/

41. It should be stressed that the cost of transport is not simply a function of distance, bulk, weight or value, but that it can and should become subject to coherent transport policy measures. Reduction of transport costs will have the same impact as a reduction of tariffs, expanding trade in already traded goods and bringing goods which had previously been confined to home markets into international trade.

B. Marketing and distribution

42. Developing country firms do not often have the marketing skills, market knowledge or access to channels of information and distribution necessary to export highly differentiated manufactured goods. This situation presents a serious handicap for developing countries seeking to become exporters of differentiated manufactured goods, whether to developed or developing countries. The absence in the importing developing countries of large retailers, specialized importers and wholesalers offering after-sale service presents a particular barrier to South-South trade.

43. The import substitution policy which in the past became a centrepiece of industrialization policy in many developing countries, particularly in Latin America, was geared not to encourage exports but rather to promote industries for which relatively large local markets existed. In this context developing countries' industrialists had little opportunity to acquire the necessary experience and knowledge of export markets. Of particular importance in this context is the lack of adequate information networks needed to facilitate trade, and especially South-South trade. 7/

44. Furthermore, the export experience of developing country producers of primary commodities had little applicability to the requirements of exporting manufactured goods. The producers themselves hardly performed any marketing functions, which were handled by Governments either directly or through a central agency. Alternatively, the required marketing would be undertaken by foreign firms operating raw material concessions.

45. Since the trend has probably been towards an increase in the importance of marketing as a factor in the promotion of manufactured goods exports, developing countries whose producers have little experience or tradition in the area of export marketing are at an increasing disadvantage.

46. However, much of the initial success of some of the East Asian exporters in increasing their share in the world markets for manufactured goods can be attributed to the high-level of foreign investments linked to the production of goods destined for exports to the foreign investors' home markets rather than to marketing skills within the East Asian countries themselves.

C. Direct foreign investment

47. The experience of some East Asian developing countries that performed particularly well in the export of manufactures suggests that foreign investments have been significant in developing their foreign trade links. The available statistical evidence reveals that in all these economies direct foreign investment has been more correlated to the share of manufactured exports than to the share of manufacturing output. 8/

48. The importance of foreign investments in determining the direction of trade is illustrated by the percentage of imports originating from Asian affiliates of United States companies in total United States manufactured imports from the respective Asian countries (from Indonesia 48 per cent, from Malaysia 90 per cent, and from Singapore 68 per cent). 9/

49. The Malaysian case may be the most illustrative example of this general phenomenon. Investments of more than $US 2 billion during the last 16 years by American and Japanese multinationals have been associated with changes in the Malaysian economy from dependence on commodities to industrial production and manufactured exports. Malaysia is now the world's third largest producer of electronic chips, after Japan and the United States, and the leading exporter.

50. It can be concluded that the direct foreign investment which greatly contributed to the development of South and South-East Asian economies was made mainly by foreign investors from industrial countries with their home markets in mind, a factor which helps to understand the shift in the direction of the region's exports towards the North.

D. Trade financing

51. The availability of trade finance is an important factor contributing to export performance of non-traditional manufactured goods, particularly capital equipment and engineering goods. Most developing countries lack the institutions as well as the capital required to generate the necessary trade finance measures to support an export drive, and this has acted as a serious constraint in their efforts to promote exports of non-traditional manufactured goods, both to the North as well as to the South. The problem of trade finance is therefore one that will need to be overcome before exports of non-traditional manufactures can be successfully promoted. The extent of the association between the availability of trade financing and success in promoting exports of manufactured goods is brought out clearly in the data summarized in annex table 7.

Chapter III

TRADE POLICY CONSTRAINTS ON SOUTH-SOUTH TRADE

A. Constraints on regional integration arising from adjustments to macro-economic imbalances

52. Trade control measures, as a major tool of trade policy, often reflect the divergent priorities of the various national institutions shaping fiscal, monetary, trade or industrial policies.

53. Problems encountered by the majority of developing countries in the early 1980s (their severe foreign debt problems, the sharp decrease in their export earnings due to the slump in commodity prices and drastic limitations of credit) shifted their priorities from long-term development and integration efforts to short-term balance-of-payments considerations.

54. The statistical data indicate a sharp decrease in the share of intra-trade of integration groupings in total South-South trade, in particular between 1983-1985. This share dropped from 25.3 per cent to 16.7 per cent. However, for some major groupings (ALADI, CACM, ECOWAS), the relative decrease was even more pronounced.

55. Most integration groupings provided in their legislation for balance-of-payment safeguard clauses which, under certain crisis situations, permit the suspension of trade liberalization measures.

56. The first steps taken by a number of developing countries members of various integration schemes responding to the alarming balance-of-payments problem involved measures to reduce macro-economic imbalances. In the short run, this meant curtailing imports by reducing income levels and/or increasing trade restrictions. This policy implied a net reversal of regional integration efforts, as most import and foreign exchange restrictions became effective across the board and applied to all imports. Even in cases where the only preferential measure extended to regional partners was the "standstill agreement" promising not to introduce new measures against each other, member States found it difficult to observe that agreement. 10/ This situation was clearly reflected in measures taken by members of major regional integration groupings in Latin America and Africa.

57. In ALADI, a number of countries (Argentina, Chile, Colombia, Peru and Uruguay) introduced new restrictions, while in other countries (Bolivia, Brazil, Ecuador, Mexico and Venezuela) the new measures signified reinforcement of existing restrictions. 11/ Significant adjustments took place in Argentina and Peru, where most of the non-tariff measures were dismantled and replaced by import tariffs. 12/

58. In ECOWAS over 51 restrictive measures were introduced by individual members in 1982 and 1983 alone. The world recession hit ECOWAS from several angles. Exporters of minerals, such as Guinea, Mauritania, Niger and Nigeria, were seriously affected by the lack of demand for their products. Their mounting debts, although small in aggregate by comparison to Latin America, were none the less very high when measured in terms of per capita income.

59. Import and exchange restrictions aimed at reducing imports to the bare minimum resulted in a shift in import structure benefiting capital goods and basic food items, at the expense of products figuring in intra-grouping trade such as processed food and the range of products classified in the customs terminology as "non-essential consumer goods". In many cases, initial programmes of import restrictions were followed by comprehensive adjustment programmes, which also had a far-reaching effect in the mutual trade of economic integration and co-operation groupings of developing countries.

60. For many developing countries, adjustment measures also included substantial devaluation of national currencies, trade liberalization, compression of domestic demand through price increases, cuts in public investments and abandonment of a number of major industrial and other projects. These measures not only had a negative impact on intra-grouping trade but also disrupted financial and monetary co-operation as well as a number of joint investment projects.

61. The short-term impact of massive devaluation not only considerably distorted intra-grouping trade patterns but also destabilized production in certain sectors.

62. Trade liberalization measures included in structural adjustment programmes, however beneficial they might be to any particular economy, brought about erosion of regional preferences and played down the integration effort. A programme of structural adjustment is not a priori intended to disrupt the integration process. It becomes, however, a source of disharmony if implemented without taking note of the interests of other members of the grouping and of the role of integration in the development strategy.

B. Constraints arising from underlying features of trade control measures

(i) The level of tariffs

63. The level and structure of trade control measures applied in developing countries have certain quantifiable features and trends which present constraints to South-South trade relations.

64. One important feature is the relatively high level of import taxation (as measured in terms of the ad valorem incidence of realized border charges on imports) which, on average, is some five to seven times higher than in the industrialized countries (see annex table 5). It should be stressed, however, that this difference reflects the different roles of import border charges in these two groups of countries. First there is the role of import taxes as a means to protect the balance of payments which, in the case of developing countries, is often of primary importance. Second, and perhaps more important here, is the fact that while most industrial countries have largely replaced import taxes with internal "value-added" type sales and purchase taxes as a source of government revenue, most developing countries still rely to a large extent on import taxes for such revenue. This is especially so for the least industrialized of these countries, where a wide range of imported goods is not produced locally and where, therefore, import taxes are often similar in effect to internal taxes in the developed industrial countries.

65. Thus the need to protect the balance of payments and to increase revenue appears to have been the main considerations shaping the import control measures of most developing countries, taking priority in many cases over

market protection for specific industries. This is illustrated by the fact that, in a number of developing countries, products subject to high tariffs are not produced locally, a fact which also illustrates the point made in the previous paragraph. The above situation has some direct implications for South-South trade relations. First, certain techniques of extending tariff concessions applied by some integration groupings have resulted in reduced tariff rates but not necessarily on goods produced in the subregion. Second, the high relative dependence of government revenue on import taxation 13/ becomes an important issue in trade negotiations among developing countries aiming at tariff concessions, as it shifts the emphasis from market to revenue considerations.

66. A third implication of high import taxation is also evident in the context of investment codes currently in application in most developing countries. It is well known that investment codes tend to favour imports from the industrial world, with the same effect as reverse preferences. It could be argued that the tariff exoneration given to imported development inputs under investment codes can protect national producers of the final product in much the same way as if tariffs had been raised on competing outputs. While the rationale of tariff exoneration under investment codes may be defended, the logic of extending "development certificates" indiscriminately to the hotel and tourist trade is questionable. Goods such as cars, cigarettes, textiles, wine, alcoholic beverages and fruit juices are often imported duty free under investment codes, at the expense of national or regional production.

67. The importance of the loss of fiscal revenue in this context is revealed by comparing the ad valorem incidence of fiscal charges on imports against weighted tariff rates. The result of the comparison will indicate the level of effective duty collection, which for most developing countries stays within the range of 35 to 40 per cent. This finding implies that some 60 to 65 per cent of expected duty revenue is not collected, and it can be assumed that the bulk of goods exonerated originates in industrialized countries, while imports from the developing countries face high duties.

68. Annex table 5 reveals two other features of import taxation in developing countries which are of interest in this context. First, the level of de facto import taxation as a share of imports is inversely related to national per capita income. The second and rather intriguing finding reflected in table 5 is the rising trend of this measure of import taxation for all the income groups, particularly pronounced in the lowest income group where the share increased from 17.3 per cent in 1980 to 30.2 per cent in 1987, a rather marked increase over this seven-year period.

69. A number of factors could account for the rise in this share over these years. These could include, for example: general increases in import duties unaccompanied by other compensatory policy changes; the substitution of import duties for other instruments for controlling imports, such as quantitative restrictions, variable exchange rates and import deposit charges; policy changes affecting the application of investment codes and other arrangements for exoneration of import duties; and changes in the way in which certain taxes imposed on goods not produced locally are treated. Since the economic significance of this rise will depend on which of these factors, among others, have been at work, a proper interpretation would require a detailed study to determine the factors behind the rise, and this could well be a useful subject for future study. It might be noted, however, that only in those cases where

the first factor mentioned above is the operational one could a rise in import taxes in proportion to imports be interpreted as reflecting a general tightening of import restrictions, with all that this may imply.

(ii) Structure of tariffs and NTBs

70. In spite of the high degree of complementarity and possession of different factor endowments, many developing countries tend to nurture similar industries at the same time, with the result that the pattern of protection tends to be similar, and industries which are the first to become export competitive in given countries tend as a result to be the most highly protected in others. The implication is that developing countries' products having highest trade potentials based on comparative advantages are often the most highly protected in other developing countries.

71. The statistical data (see annex table 6) suggest that manufactured products from developing countries that made the biggest export gains in market shares in the industrial countries (and hence constitute their most competitive exports) are subject to levels of protection in exporting developing countries well above the average for manufactured goods as a whole.

72. This reference to protection applies to both tariffs and non-tariff measures. Products like furniture, footware, apparel and clothing accessories, travel goods and passenger motor vehicles, which have been among the fast-growing exports to the North, are subject to average tariff rates well above 50 per cent and to an average frequency of NTBs above 65 per cent, while the average for manufactured products as a whole is 33 per cent for the tariff rate and 60.9 per cent for the frequency rate for NTBs (see table 6).

73. An earlier UNCTAD study on non-tariff barriers confirms a bias against South-South trade in the structure of frequency rates. Havrylyshyn (1988) 14/ observes that "a tentative analysis of NTM frequency for products of major GSTP interest revealed that products for which there are a larger number of requests by countries for GSTP negotiations have a much higher NTM frequency". A number of general conclusions that can be drawn from the analysis of the data confirm earlier studies 15/ on this subject. They may be summarized as follows:

(a) In general, consumer goods in developing countries are subject to much higher tariff rates and quantitative restrictions than are capital goods. This reflects the use of trade policy to support the pattern of industrialization and overall development policy in these countries;

(b) Moreover, in a number of developing countries the import charges on agro-based products (semi-finished and finished) are higher than the average for all products.

74. Both the level and the structure of import taxation and NTBs in developing countries present a barrier to the expansion of South-South trade by, inter alia, penalizing products which, due to resource endowment (agro-based consumer goods) and relative factor endowment (manufactured labour-intensive goods) have gained the highest comparative advantage on the world markets. It is clear that negotiations among developing countries resulting in mutual reductions in trade barriers in effective implementation of preferences would provide an important stimulus to South-South trade.

Chapter IV

COMPLEMENTARITIES IN SOUTH-SOUTH TRADE RELATIONS

75. Trends in the relative importance of South-South trade in developing countries' total imports and exports of the major individual product groups are important indicators of change in the role and patterns of South-South trade. The relevant data covering the period 1970-1987 are summarized in annex table 4. The following conclusions can be drawn from these data:

(a) An increasing proportion of import demand for manufactured products is being met by imports from other developing countries. In 1987 almost 19 per cent of all manufactured goods imported originated in other developing countries, as compared to 8.3 per cent in 1970. This share has been rising very steadily, and the trend has been particularly pronounced for chemicals, iron and steel, machinery, transport equipment and passenger motor vehicles;

(b) About one-third of developing countries' import demand for food is being met by South-South trade. This share was fairly stable during the period under analysis. A considerable increase can, however, be observed in respect of animal and vegetable oils and fats, which rose from 21.7 per cent in 1970 to 52.4 per cent in 1987;

(c) In 1987, among the individual product groups shown, supplies from developing countries accounted for the highest share of import demand in respect of mineral fuels (73.9 per cent), animal and vegetable oils (52.4 per cent), clothing (43.9 per cent), textile yarn (42.6 per cent), crude fertilizers (32.7 per cent), and non-ferrous metals (31.8 per cent). The lowest relative dependence was registered in passenger motor vehicles (10.7 per cent) and in machinery and transport equipment (12.6 per cent).

76. Table 4 also reflects certain trends concerning the relative importance of the developing country markets for exporters of the developing world. Thus, it can be observed that:

(a) While between 1970 and 1981 an increasing proportion of food items exported from developing countries was destined for the markets of other developing countries (from 16.0 per cent to 28.1 per cent), since 1981 the share has gradually declined, falling to 21.7 per cent in 1987. For cereals, oilseeds, oils and fats, the shares have increased considerably, reflecting to a certain extent an increase in the competitive position of developing countries in these product groups, but due also to restrictive import control measures applied in the developed countries;

(b) Agricultural raw materials originating in developing countries are being exported in increasing proportions to the markets of other developing economies. The share of exports going to other developing countries increased from 19.4 per cent in 1970 to 30.7 per cent in 1987;

(c) The relative importance of the markets of the developing world for developing countries' exports of manufactured products continued its decline. Between 1970 and 1987, the share of manufactured goods exported to other developing countries in developing countries' total exports of this product group decreased from 32.9 per cent to 24.7 per cent. For some manufactured

goods, the decrease since 1970 has been even more pronounced, for example passenger motor vehicles (from 77.2 per cent to 15.5 per cent), and machinery and transport equipment (from 45.1 per cent to 25.4 per cent).

77. Import demand is being met to increasing degrees by developing country producers in all the analysed commodity groups, except for agricultural raw materials, crude fertilizers, oilseeds and textile fibres. The exceptions reflect, inter alia, the fact that the real import demand in these product groups expanded faster than exportable surpluses in the developing world. Many developing countries find it difficult to sustain agricultural production in line with growth in demand.

78. The increasing relative importance of developing countries' markets for developing countries' exports of all the major product groups, manufactured goods apart (i.e. the major primary products), is an indication of the growing importance of differences in resource endowments in determining the pattern of trade among developing countries. On the other hand, the decreasing share of manufactured goods exports destined for the markets of other developing countries, a trend particularly noticeable in the 1980s, reflects both the weak real import demand in many developing countries for labour-intensive manufactured consumer goods and the capacity of a number of developing country exporters not only to penetrate but also to increase their share of the world market in a wide range of manufactured products.

79. Between 1970 and 1985, developing countries as a group increased their share in world trade in 76 manufactured goods (defined at the three digit SITC level), a large proportion of which could be classified as labour-intensive. Products which recorded the biggest gains in shares include road motor vehicles, domestic electric equipment, office machinery, furniture, toys, footwear and articles of plastic materials and clothing. 16/

80. It should be stressed, however, that the relative advantage of labour or capital, in the context of manufacturing of a given product, is a variable element subject to changes in technology. The trade patterns of some engineering products previously considered as capital-intensive, such as automobiles and household appliances, or of some non-durable goods, like textiles and clothing, may reflect the fact that it has become cheaper to produce them in countries with relatively unskilled labour in order to reduce the wage cost.

81. On the other hand, the large inroads into the market share of industrialized countries made by Hong Kong, the Republic of Korea or Singapore in many of the more traditional products like footwear, clothing or furniture are being challenged on two fronts.

82. Firstly, their economic success has brought about a rapid increase in real wages, which are eroding their competitive advantage in labour-intensive products. Lower-wage countries like Indonesia, Thailand or India are in strong competition in traditional labour-intensive products, challenging the supremacy of more advanced East Asian producers. The search for low-cost labour to make products such as shoes, toys and textiles has resulted in some East Asian countries becoming major investors in the Philippines, Thailand, Malaysia and Indonesia.

83. Secondly, the technological progress in micro-electronics and automation in previously labour-intensive products opens up the possibility for industrialized countries to regain comparative advantage and market shares.

84. The relative factor endowments of individual developing countries are subject to dynamic changes following the structural transformation of the world economy resulting from wide differences among countries in rates of growth and in the capacity to acquire new technologies. It can be expected, however, that economic complementarities within the developing world that considerably increased during the period under analysis will increase further, reflecting different rates of growth and policies of development among individual developing countries, and this will help to enhance South-South trade.

Chapter V

MEASURES AND PROSPECTS FOR SOUTH-SOUTH TRADE EXPANSION

85. There is a growing awareness that in order to give new momentum to South-South trade, new and more vigorous measures will have to be adopted. Formulation of these measures will be facilitated by the almost three decades of experience that the developing world has acquired in promoting economic co-operation, as well as by better understanding of both achievements and of policy errors of the past. Action will have to be taken to overcome structural obstacles resulting from inadequate infrastructures (marketing, telecommunications, transportation), revise or reduce trade and fiscal policy barriers, establish new institutions to facilitate clearing and trade arrangements, and introduce improved legislation to attract capital and promote investments. Appropriate measures will also have to be adapted to the new economic environment resulting partly from structural adjustment programmes and the adoption of market-oriented policies.

A. Need for closer co-ordination of national policies and integration measures

86. While trade liberalization schemes within integration groupings undoubtedly played an important role in trade expansion, a number of shortcomings in the formulation and implementation of such schemes have been identified which need to be avoided in the future.

87. Thus it appears that in a number of cases trade preferences were extended through formulas where tariff lines affected were those carrying high duties rather than those which corresponded to goods with exportable surplus in the region and where therefore the potential for trade expansion was greatest. Also, in some groupings extensive negotiations brought about considerable preferential margins for the goods produced, but lack of adequate transport facilities and communication networks prevented contracting parties from deriving benefits from the concessions extended. Furthermore, most agreements lacked provisions to preserve the margin of preference in case of general trade liberalization. Consequently, liberalization of MFN régimes under structural adjustment programmes eroded extended concessions.

88. In some cases, lack of clear definitions of the type of tariffs to become subject to concessions resulted in reductions of duties bound under GATT but not necessarily of those currently applied, thereby making the concessions meaningless. And in other cases direct trade co-operation measures, such as long-term contracts, complementarity agreements or joint import procurement programmes, remain purely statements of intention due to the lack of incentives to motivate the private sector to participate actively in promoting these measures. Lack of legal provisions to activate market forces could also, at least partly, explain the lack of success in promoting joint production in commercial enterprises within the regional groupings.

89. There is a general need to strengthen economic incentives designed to promote intra-developing country trade and to improve co-ordination between national policies and integration objectives. There is also need for close co-ordination between trade concessions negotiated, productive capacity and transport facilities.

B. The increasing role of the private sector

90. As a result of structural adjustment programmes, the role of the public sector as an active economic operator has considerably diminished in many developing countries and, consequently, co-operation measures such as joint investments, long-term contracts or joint procurement previously implemented mainly by State enterprises will be left to the private sector. The State withdrawal from many direct economic activities may shorten the economic perspective from long-term policy goals incorporating economic, social and political considerations to short-term profit motivation. On the other hand, competition can promote more effective use of resources and price adjustments through market forces can provide incentives to initiate new economic activities or eliminate those which are not economically justified.

91. The promotion of private enterprise, and of the economic environment in which it can expand, may require positive government action, since a competitive and dynamic private sector may often not appear without the development of new legislation, new skills and new institutions.

92. An interesting example of initiative to formulate legislation more conducive to promotion of business activities linked to trade expansion is provided by the Andean Group, which is placing increasing emphasis on industrial co-operation through the Andean Multinational Enterprises. Thus, Decision 169 provided a new legal basis for the establishment and operation of multinational enterprises. The Decision abolished, inter alia, restrictions regarding sectors of activities, lifted ceilings for the transfer of profits, removed double taxation and eliminated authorization requirements for reinvestments. Further benefits extended to multinationals by Andean Group countries included free movement of staff and access to national credits. 17/

93. Similar efforts have been made by ASEAN which has adopted a Basic Agreement on ASEAN Industrialization Joint Ventures (IAJV) 18/ designed to promote joint ventures between private sector enterprises of the ASEAN countries. The Agreement is most original and responsive to new requirements in the sense that it provides a set of mutually reinforcing incentives to promote investment and trade. Investors will be free to domicile their projects in any of the member countries, and the resulting output will enjoy a minimum margin of preference of 50 per cent over a period of three years in all ASEAN countries; afterwards the preference will be extended to all units existing in ASEAN producing the particular product.

94. The Organization of the Islamic Conference, 19/ in formulating modalities and mechanisms for the promotion of joint ventures among member countries, also puts strong emphasis on the participation of the private sector. A Special Task Force was appointed to work out the details of effective arrangements for joint venture co-operation.

C. Some new initiatives for revitalizing integration schemes

95. A number of new initiatives for revitalizing integration schemes shows a growing awareness that trade preferences should be accompanied by adequate credit and payment arrangements, as well as trade facilitation measures and transport facilities, and will require more realistic time schedules.

96. The example of the Economic Community of West African States (ECOWAS) is illustrative and may reflect a more general trend. On 1 January 1990, the ECOWAS Protocol on free movement of goods and services among member States took effect. The provisions of the treaty imply that changes will take place slowly. The Trade Liberalization Scheme affects 25 products, mainly industrial goods, some unprocessed commodities and works of art. While trade in commodities and works of art is to be totally liberalized as from January 1990, barriers to industrial goods will be eliminated gradually by 1 January 1994. Some structures to provide additional support for the trade expansion effort have also been established. Among them, the Federation of West African Chambers of Commerce, the Federation of West African Manufacturers and ECOBANK were added to the previously established West African Clearing House (WACH) and the ECOWAS Fund.

97. In Latin America, ALADI member States agreed in March 1987 to relaunch subregional trade by doubling the regional preference margins, which had been eroded by the overall trend towards general liberalization. Apart from measures negotiated under ALADI, some countries of the region (Argentina, Brazil, Colombia, Mexico and Uruguay) have taken additional, more ambitious, mostly bilateral, initiatives to promote mutual trade. Since the end of 1986, a series of protocols have been agreed upon bilaterally for increased trade preferences and in respect of monetary co-operation, technological co-operation, transport and a range of other trade-related areas.

98. In Asia, the Third ASEAN Summit Meeting in Manila in December 1987 decided to continue the pragmatic step-by-step approach towards intensified economic co-operation, rather than embarking on a free area or even a common market concept, as some had suggested.

99. It appears that the process of dismantling barriers to South-South trade is continuing, but that there are important differences between the present process and trade liberalization schemes of the 1960s and 1970s. Thus the overall trend towards general trade liberalization, particularly pronounced in Latin America and South and South-East Asia, will limit the potential margins of preference within integration groupings, offering less of a fiscal incentive to generate intra-developing country trade. Promotion of South-South trade may therefore call for other than fiscal incentives. This seems to be well recognized in South-East Asia, where trade expansion effects are more likely to result from co-operation in the fields of trade financing, credits, investments, technology, services, tourism, energy and communication and from competition and specialization in products than from trade preferences *per se*.

100. In Africa, the heavy dependence of national budgets on import taxation may complicate trade negotiations, putting major emphasis on revenue rather than market considerations. In practical terms this implies that special structures have to be created to compensate for the loss of fiscal revenue resulting from tariff reductions, as attempted in ECOWAS and CEAO though with limited success.

101. During recent years, more and more regional integration groupings have placed increased emphasis on measures aimed at solving transport, telecommunication and marketing problems. The ASEAN secretariat has formulated an integrated work programme in the areas of shipping and ports, civil aviation and related services, land transportation, and post and

telecommunications. ECOWAS further advanced its work with respect to coastal shipping, and studies were completed for the establishment of the West African Coastal Shipping Company. Both the Andean Group and the Central American Common Market established plans to expand their respective road systems. Other examples of measures to overcome transport and ecological constraints at the regional level could be provided by the Organization for the Development of the Senegal River, the Organization for the Development of the River Gambia, the Niger Basin Authority, the Lake Chad Basin Commission or the Organization for the Planning and Development of the Kagera Basin.

D. Global schemes for trade expansion

102. Growing disparities between the rates and levels of economic development among countries and regions on the one hand and higher levels of complementarity of interregional trade on the other call for policies and measures which could be applied at the global level.

103. Responding to this requirement, the developing countries members of the Group of 77 have launched the Global System of Trade Preferences among Developing Countries (GSTP). The concessions extended under the GSTP, which took effect in April 1989, are confined only to tariffs. The Agreement, however, provides for arrangements relating to tariffs, para-tariffs, non-tariff barriers, direct trade measures such as medium- and long-term contracts and sectoral agreements, credit and payments, exchange of technical skills and co-operation in the fields of shipping and transport. The agenda for the next round of GSTP negotiations will hopefully become the focal point for South-South trade expansion.

104. The fact that for the first time the developing countries have formulated ground rules for negotiations that are opening up possibilities to incorporate a wide range of partners and measures into their trade promotion strategy gives hopes that the removal of barriers to trade resulting from trade policy (tariffs or NTBs), structural constraints (transportation, marketing and financing) and the unfavourable economic environment will be discussed in a co-ordinated manner. It can be expected that the negotiated trade concessions and other trade-related co-operation measures will provide an extensive and coherent set of mutually supportive trade promotion incentives.

E. Financing of South-South trade and appropriate clearing arrangements

105. The level of South-South trade has followed fluctuations in the world economy so closely that one cannot avoid the conclusion that changes in inter-developing country trade reflect shifts in the purchasing power or the liquidity situation of the developing world. It is therefore difficult to envisage the success of the GSTP or of any regional initiative in the absence of adequate financing facilities. The role of trade financing in facilitating trade, and in some cases such as non-traditional exports enabling trade to take place, hardly needs elaboration. From the perspective of South-South trade, however, several points need to be highlighted. First of all, the availability of trade credit, i.e., pre-shipment and post-shipment export credit and import credit, is limited for South traders and, whatever credit is there is typically extended under hard terms and conditions. Hence, developing country traders are at a considerable disadvantage. Secondly, trade credit is extended to developing country exporters under creditworthiness criteria that superimpose the country risk upon the credit

risk. The result is that a perfectly creditworthy customer might be denied access to credit because of the overall balance-of-payments situation of the country. Thirdly, possibilities of refinancing, i.e. recourse to the forfeit market, are severely limited for typical developing country exporters. Thus the volume of primary trade financing to be raised is considerably higher for a developing country trader than for a developed country competitor. Fourthly, all of these problems are acutely present when both sides of the trade (as is the case in South-South trade) are from developing countries. Not only is the exporter a special case in terms of creditworthiness but the importer is a special problem as well. Fifthly, whilst international banks and trade financing companies in the financial markets have traditionally been present in commodity trade, their participation in non-traditional trade, i.e., capital equipment, heavy manufacture, etc., has been meagre. Non-traditional trade presents particular problems: (i) it might call for pre-shipment finance; (ii) the importer would normally require a grace period before the imported goods can be used and can earn revenue; and, (iii) the initial cost is so high that a period of several years is needed for repayment of trade financing. For these reasons, South-South trade, especially in non-traditional items, suffers from inadequate trade financing.

106. Moreover, in view of the foreign exchange constraints on developing countries, referred to in this report, South-South traders face foreign-exchange problems when their respective countries have little intra-trade or unbalanced exchange. This situation might be ameliorated by multilateral clearing and the extension of trade credit through the clearing facilities. However, some developing countries are not members of such schemes or the schemes (in Central America and the Caribbean) have suspended operations during the troubled circumstances of the 1980s. In other cases (West Africa) the lack of credit and the decline of intra-trade (for the reasons elaborated in this report) have rendered the exisitng mechanisms ineffective.

107. These considerations were uppermost in the discussions which surrounded the idea of the South Bank in the early 1980s, as well as the Latin American Multilateral Bank. However, these ideas have not materialized, and because of the range of their concerns outside trade financing, have been impeded by developmental problems lying outside South-South trade as such.

108. In 1989, the UNCTAD Committee on Economic Co-operation among Developing Countries considered trade financing problems in their own right and decided, in its decision 4 (V), to ask the UNCTAD secretariat to, inter alia, undertake a study on the problems of trade financing in developing countries and in particular on how to further support and strengthen existing mechanisms, as well as the feasibility of establishing a commercially viable interregional mechanism for financing South-South trade in non-traditional exports. The study in question is now under way and will be submitted to the Trade and Development Board in due course.

Notes

1/ See Trade and Development Report, 1989, pp. 121-124, for a discussion of this issue.

2/ See TD/B/C.7/92, chapter 1, for a further discussion of this aspect.

3/ See TD/B/C.7/92 for a discussion of the problems faced by developing countries' payments and credit arrangements in supporting South-South trade.

4/ Calculation based on UNCTAD's Economic Time Series (ETM) data base.

5/ Calculation based on UNCTAD's Economic Time Series (ETM) data base.

6/ W. Prevo, The Structure of Transport Costs on Latin American Exports, University of Texas, October 1977, and A.J. Yeats, "Do International Transport Costs Increase with Fabrication?", Oxford Economic Papers, July 1971.

7/ It is relevant to note here that trade of developed countries is facilitated by information provided by commercial attachés of these countries acting as trade information officers. The lack of similar capacities in the embassies of developing countries seriously handicaps South-South trade.

8/ See John Dunning and John Cantwell (eds.), IRM Directory of Statistics of International Investment and Production (Basingstoke, England: Macmillan, 1987).

9/ United States Department of Commerce, Bureau of Economic Analysis, US Direct Investment Abroad: 1982 Benchmark Survey Data, Washington, D.C..

10/ See ECLAC, "Preliminary Overview of the Latin American Economy", Notas Sobre la Economía y el Desarrollo, No. 470/471, December 1988; and Edwards, S., "Structural Adjustment Policies in Highly Indebted Countries" in J. Sachs, ed., Developing Country Debt and the World Economy (University of Chicago Press, 1989, Chicago and London).

11/ UNCTAD, "Major recent developments in economic integration and co-operation groupings of developing countries", UNCTAD/ST/ECDC/25(3).

12/ See Nogues, Julio, "An Historical Perspective of Peru's Trade Liberalization Policies of the '80s", The World Bank, IBRD Discussion Paper No.168, 1986; and Nogues, Julio, "The Nature of Argentina's Policy Reforms during 1976-81", The World Bank, Staff Working Papers, No. 765.

13/ While in industrialized countries only a fraction of total government revenue results from import taxation (United States 1.7 per cent, France 0.2 per cent, Federal Republic of Germany 0.1 per cent, Italy 0.3 per cent, United Kingdom 0.8 per cent), the corresponding share in developing countries is well above 20 per cent. In some countries, import duties contribute more than 50 per cent of total government revenue (Benin, Chad, Comoros, Gambia, Lesotho, Mauritius, Somalia, Uganda, Vanuatu, Samoa).

14/ See "Trade Control Measures and Developing Country Trade: An Analysis using the UNCTAD Trade Information System (TIS) Data Base", UNCTAD/ECDC/TA/21, page 40, paragraph 6.

15/ Belassa, Bela and Associates, The Structure of Protection in Developing Countries, (Baltimore: Johns Hopkins Press, 1971); Little, I.M.D. Scitovski and M. Scott, Industry and Trade in some Developing Countries (Cambridge, Oxford University, 1970); United Nations Economic Commission for Asia and the Far East, Interregional Trade Projections, Effective Protection and Income Distribution, Vol. II, Effective Protection (United Nations publication, Sales No. E.73.II.F.12, vol. II); A.J. Yeats, Trade Barriers Facing Developing Countries (University of Stockholm, 1978).

16/ See UNCTAD's Handbook of International Trade and Development Statistics, 1989, table 4.3.

17/ UNCTAD, "Major recent developments in economic integration and co-operation groupings of developing countries", UNCTAD/ST/ECDC/25(3).

18/ Ibid.

19/ Reports of the Third and Fourth Meetings of the Follow-up Committee, Standing Committee for Economic and Commercial Co-operation of the Organization of the Islamic Conference, COMCEC Co-ordination Office, Ankara, April 1988.

STATISTICAL ANNEX

Table 1

The relative importance of developing country intra-trade, 1970-1989
(Based on export matrix)

Year	Total trade				Excluding mineral fuels				Share of trade among developing countries					
	World		Dev. count.		World		Dev. count.		World trade	Total exp. of DC	Total imp. of Dc	World trade	Total exp. of DC	Total imp. of DC
	Total	DC	Total	to DC	Total	to DC	Total	to DC						
	(Billions of US dollars)											(Exclud. mineral fuels)		
1970	312.1	58.1	55.0	11.0	283.4	53.5	36.9	7.2	3.5	19.6	18.9	2.5	19.5	13.4
1971	347.3	64.7	60.6	12.2	311.8	59.4	37.6	7.8	3.5	20.1	18.9	2.5	20.8	13.2
1972	413.5	74.9	73.1	15.3	371.7	68.6	45.4	9.8	3.7	20.9	20.4	2.6	21.6	14.2
1973	574.6	105.8	110.4	23.2	511.6	95.9	67.4	14.5	4.0	21.0	21.9	2.8	21.5	15.1
1974	838.2	173.7	225.4	48.2	665.8	144.5	89.4	21.5	5.7	21.4	27.7	3.2	24.0	14.9
1975	872.7	200.4	210.9	49.0	703.2	171.1	85.4	22.8	5.6	23.3	24.6	3.2	26..7	13.3
1976	989.3	219.7	255.1	58.0	789.7	184.3	104.8	25.8	5.9	22.9	26.5	3.3	24.6	14.0
1977	1 124.9	260.2	290.5	68.9	902.8	219.6	124.9	32.4	6.1	23.7	26.5	3.6	25.9	14.8
1978	1 298.1	301.2	301.6	71.1	1 075.2	262.7	142.3	37.7	5.5	23.6	23.6	3.5	26.5	14.4
1979	1 636.9	363.0	415.1	101.1	1 303.9	304.5	179.0	50.4	6.2	24.4	27.8	3.9	28.2	16.6
1980	1 994.3	463.6	558.6	138.6	1 515.6	378.4	212.1	63.6	6.9	24.8	29.9	4.2	30.0	16.8
1981	1 958.6	508.2	543.1	152.3	1 487.1	414.2	216.8	71.2	7.8	28.0	30.0	4.8	32.8	17.2
1982	1 846.0	477.7	485.8	145.0	1 416.6	385.4	208.9	66.8	7.9	29.8	30.3	4.7	32.0	17.3
1983	1 813.5	441.8	451.9	134.4	1 428.4	360.2	223.3	66.9	7.4	29.7	30.4	4.7	30.0	18.6
1984	1 907.2	438.7	469.0	132.9	1 529.7	363.5	252.3	71.1	7.0	28.3	30.3	4.6	28.2	19.6
1985	1 933.4	424.0	462.5	134.6	1 544.5	340.7	242.8	65.0	7.0	29.1	31.8	4.2	26.8	19.1
1986	2 133.1	424.8	443.1	122.2	1 853.6	382.0	298.0	73.4	5.7	27.6	28.8	4.0	25.4	19.2
1987	2 491.5	502.2	501.7	132.2	2 213.7	444.0	362.2	89.3	5.3	26.4	26.3	4.0	24.7	20.1
1988	2 824.0	584.5	558.5	153.0	-	-	-	-	5.4	27.4	26.2	-	-	-

Source: UNCTAD, Handbook of International Trade and Statistics.
United Nations, Monthly Bulletin of Statistics, May and June 1989 issues.

Table 2

The relative importance of exports to developing countries in total exports of individual regions
(1970-1988)

(Percentages)

	All goods				Excluding mineral fuels			
	Latin America	Africa	West Asia	S.& S-E. Asia	Latin America	Africa	West Asia	S.& S-E. Asia
1970	19.8	10.7	20.2	28.5	14.8	12.5	31.3	27.8
1971	20.5	12.1	20.8	28.1	17.1	13.4	32.3	27.4
1972	20.9	12.3	21.6	27.4	17.8	14.5	33.6	27.5
1973	20.8	11.6	23.0	26.0	18.1	13.3	34.9	26.4
1974	22.9	11.1	21.2	27.7	20.6	13.4	42.9	28.8
1975	24.7	14.6	22.5	30.7	21.4	16.6	47.8	31.7
1976	23.4	12.8	23.3	28.2	21.0	12.2	44.9	28.8
1977	23.9	13.3	24.4	29.7	22.1	11.1	49.9	30.7
1978	23.9	10.6	23.7	30.3	22.3	12.5	44.6	31.0
1979	23.9	11.8	24.6	30.4	24.2	17.0	46.1	31.5
1980	26.1	12.5	24.7	32.2	26.5	15.9	47.2	33.4
1981	27.8	14.3	28.8	34.2	28.0	23.4	58.6	34.2
1982	27.4	14.3	34.6	33.8	24.7	23.4	64.3	33.2
1983	26.3	11.3	41.1	34.5	22.0	21.1	60.0	32.3
1984	24.8	13.1	37.0	30.7	21.4	21.9	57.2	29.4
1985	23.1	13.6	38.0	29.5	21.3	21.3	55.0	28.1
1986	23.3	16.7	44.1	26.9	21.4	19.2	52.9	25.9
1987	22.1	43.9	42.8	25.7	21.3	18.4	46.8	25.1
1988	21.0	15.2	45.9	27.1	-	-	-	-

Source: UNCTAD, Handbook of International Trade and Statistics.
United Nations, Monthly Bulletin of Statistics, May and June 1989 issues.

Table 3 (a)

Trade matrix of intra-developing country flows
(1970-1988) - Total trade

(Millions of US dollars)

From	To	DEVELOPING				Total
		Latin America	Africa	West Asia	S.S-E. Asia	
Latin America	1970	3,028	119	37	149	3,333
	1975	9,616	1,003	630	326	11,575
	1980	22,527	2,626	2,204	1,388	28,745
	1984	19,571	2,718	2,635	2,735	27,659
	1985	16,164	2,763	2,595	2,701	24,223
	1986	14,629	1,470	1,628	2,352	20,311
	1987	15,316	1,455	1,724	2,488	21,218
	1988	15,274	1,567	2,092	2,902	22,013
Africa	1970	237	672	115	259	1,283
	1975	2,227	1,924	450	356	4,957
	1980	1,441	2,917	1,806	1,129	8,038
	1984	2,801	2,657	1,579	1,046	8,083
	1985	2,722	2,870	1,172	958	7,722
	1986	1,442	2,905	1,132	1,097	7,143
	1987	1,288	3,035	1,259	1,197	7,221
	1988	6,134	3,412	1,389	1,348	8,038
West Asia	1970	234	260	781	837	2,112
	1975	5,045	1,741	3,955	7,555	18,296
	1980	11,744	3,546	11,150	25,715	52,155
	1984	7,888	2,781	13,422	15,626	39,717
	1985	9,196	3,278	14,097	20,995	47,566
	1986	6,734	3,149	11,491	14,297	36,619
	1987	6,774	3,049	11,759	13,883	36,239
	1988	7,726	3,238	12,296	15m391	39,536
S.S.E-Asia	1970	179	485	374	2,997	4,035
	1975	1,097	1,413	2,320	8,924	13,754
	1980	3,643	4,219	7,461	29,858	45,181
	1984	3,501	3,685	8,761	39,181	55,128
	1985	3,185	3,477	6,950	33,223	46,835
	1986	3,117	3,590	7,401	36,153	50,962
	1987	3,847	4,202	8,374	47,544	64,798
	1988	4,386	5,019	9,863	60,849	81,041
TOTAL	1970	3,678	1,536	1,307	4,242	10,763
	1975	17,985	6,081	7,355	17,161	48,582
	1980	44,048	13,308	22,621	58,090	138,067
	1984	33,761	11,841	26,397	58,588	130,587
	1985	31,267	12,388	24,814	57,877	126,346
	1986	26,077	11,694	22,382	54,259	116,963
	1987	27,432	12,564	24,087	65,788	132,303
	1988	28,982	13,920	26,484	81,051	152,996

Source: See table 1.

Table 3 (b)

Trade matrix of intra-developing country flows by regions
Non-fuel trade (1970-1987)

(Millions of US dollars)

From	To	DEVELOPING				
		Latin America	Africa	West Asia	S.S-E. Asia	Total
Latin America	1970	1,635	90	37	132	1,894
	1975	5,089	737	625	311	6,762
	1980	11,930	1,731	1,776	1,268	16,705
	1984	8,491	2,067	2,342	2,060	14,960
	1985	8,216	2,170	2,253	1,841	14,480
	1986	9,498	1,148	1,627	1,962	14,467
	1987	10,380	1,081	1,723	2,220	15,639
Africa	1970	31	597	107	258	993
	1975	143	1,414	321	332	2,210
	1980	603	1,747	617	598	3,565
	1984	561	1,667	752	963	3,943
	1985	479	1,871	654	824	3,828
	1986	158	2,088	680	791	3,912
	1987	181	2,146	768	860	4,127
West Asia	1970	8	67	398	41	514
	1975	48	1,624	1,624	257	2,250
	1980	31	487	4,483	519	5,520
	1984	32	800	6,935	727	8,494
	1985	38	853	6,876	764	8,531
	1986	37	885	6,415	951	8,346
	1987	45	887	6,808	1,095	8,895
S.S-E. Asia	1970	173	474	372	2,629	3,648
	1975	462	1,347	2,289	7,357	11,455
	1980	2,680	4,186	7,175	23,330	37,371
	1984	2,549	3,605	8,389	28,704	43,247
	1985	2,225	3,456	6,505	23,701	35,887
	1986	2,950	3,547	7,033	30,793	44,783
	1987	3,670	4,158	8,278	41,127	57,851
TOTAL	1970	1,847	1,228	914	3,060	7,049
	1975	5,742	3,819	4,859	8,257	22,677
	1980	15,244	8,151	14,051	25,715	63,161
	1984	11,633	8,139	18,418	32,454	70,644
	1985	10,958	8,350	16,288	27,130	62,726
	1986	12,798	8,249	16,483	34,854	73,432
	1987	14,477	9,093	18,545	45,977	89,325

Table 3 (c)

Trade balance of interregional trade flows
(1970-1988)

(Millions of US dollars)

From	To	DEVELOPING Latin America	Africa	West Asia	S.S-E. Asia	Total
Latin America	1970		- 118	- 197	- 30	- 345
	1975		- 1,224	- 4,415	- 771	- 6,410
	1980		- 3,508	- 9,540	- 2,255	- 15,303
	1984		- 83	- 5,253	- 766	- 6,102
	1985		+ 41	- 6,601	- 484	- 7,044
	1986		+ 28	- 5,106	- 765	- 5,766
	1987		+ 167	- 5,050	- 1,359	- 6,214
	1988		+ 126	- 5,634	- 1,484	- 6,969
Africa	1970	+ 118		- 145	- 226	- 253
	1975	+ 1,224		- 1,291	- 1,057	- 1,124
	1980	+ 3,508		- 1,740	- 3,090	- 1,322
	1984	+ 83		- 1,202	- 2,639	- 3,758
	1985	- 41		- 2,106	- 2,519	- 4,666
	1986	- 28		- 2,017	- 2,493	- 4,551
	1987	- 167		- 1,790	- 3,005	- 5,343
	1988	- 126		- 1,849	- 3,671	- 5,882
West Asia	1970	+ 197	+ 145		+ 463	+ 805
	1975	+ 4,415	+ 1,291		+ 5,235	+ 10,941
	1980	+ 9,540	+ 1,740		+ 18,254	+ 29,534
	1984	+ 5,253	+ 1,202		+ 6,865	+ 13,320
	1985	+ 6,601	+ 2,106		+ 14,045	+ 22,752
	1986	+ 5,106	+ 2,017		+ 6,898	+ 14,237
	1987	+ 5,050	+ 1,790		+ 5,509	+ 12,152
	1988	+ 5,634	+ 1,849		+ 5,528	+ 13,052
S.S-E. Asia	1970	+ 30	+ 226	- 463		- 207
	1975	+ 771	+ 1,057	- 5,235		- 3,407
	1980	+ 2,255	+ 3,090	- 18,254		- 12,909
	1984	+ 766	+ 2,639	- 6,865		- 3,460
	1985	+ 846	+ 2,552	- 13,405		- 9,539
	1986	+ 765	+ 2,493	- 6,898		- 3,297
	1987	+ 1,359	+ 3,005	- 5,509		- 990
	1988	+ 1,484	+ 3,671	- 5,528		- 10
TOTAL	1970	+ 345	+ 253	- 805	+ 207	0
	1975	+ 6,410	+ 1,124	- 10,941	+ 3,407	0
	1980	+ 15,303	+ 1,322	- 29,534	+ 12,909	0
	1984	+ 6,102	+ 3,758	- 13,320	+ 3,460	0
	1985	+ 7,044	+ 4,666	- 22,752	+ 11,042	0
	1986	+ 5,766	+ 4,551	- 14,237	+ 3,297	
	1987	+ 6,214	+ 5,343	- 12,152	+ 990	
	1988	+ 6,969	+ 5,882	- 13,052	+ 10	

Table 3 (d)

Trade balance of interregional non-fuel flows

(1970-1987)

(Millions of US dollars)

From	To	DEVELOPING								Total
		Latin America		Africa		West Asia		S.S-E. Asia		
Latin America	1970		+	59	+	29	-	41	+	47
	1975		+	594	+	577	-	151	+	1,020
	1980		+	1,128	+	1,745	-	1,412	+	1,461
	1984		+	1,506	+	2,310	-	489	+	3,327
	1985		+	1,244	+	2,040	-	755	+	2,470
	1986		+	990	+	1,590	-	988	+	1,669
	1987		+	900	+	1,678	-	1,450	+	1,162
Africa	1970	-	59		+	40	-	216	-	235
	1975	-	594			0	-	1,015	-	1,609
	1980	-	1,128		+	130	-	3,588	-	4,586
	1984	-	1,506		-	48	-	2,642	-	4,196
	1985	-	1,244		-	47	-	2,662	-	4,462
	1986	-	990		-	205	-	2,756	-	4,337
	1987	-	900		-	119	-	3,298	-	4,966
West Asia	1970	-	29	-	40		-	331	-	400
	1975	-	577		0		-	2,032	-	2,609
	1980	-	1,745	-	130		-	6,656	-	8,531
	1984	-	2,310	+	48		-	7,662	-	9,924
	1985	-	2,040	+	47		-	6,321	-	8,903
	1986	-	1,590	+	205		-	6,082	-	8,137
	1987	-	1,678	+	119		-	7,183	-	9,650
S.S-E. Asia	1970	+	41	+	216	+	331		+	588
	1975	+	151	+	1,015	+	2,032		+	3,198
	1980	+	1,412	+	3,588	+	6,656		+	11,656
	1984	+	489	+	2,642	+	7,662		+	10,793
	1985	+	755	+	2,662	+	6,321		+	9,866
	1986	+	988	+	2,756	+	6,082		+	9,929
	1987	+	1,450	+	3,298	+	7,183		+	11,874
TOTAL	1970	-	47	+	235	+	400	-	588	0
	1975	-	1,020	+	1,609	+	2,609	-	3,198	0
	1980	-	1,461	+	4,586	+	8,531	-	11,656	0
	1984	-	3,327	+	4,196	+	9,924	-	10,793	0
	1985	-	2,740	+	4,462	+	8,903	-	9.866	0
	1986	-	1,669	+	4,337	+	8,137	-	9,929	0
	1987	-	1,162	+	4,966	+	9,650	-	11,874	0

Table 4

The relative importance of imports and exports from and to developing countries in their total imports and exports by individual product groups

(Percentage share of total imports and exports of individual product group)

			1970	1976	1980	1981	1982	1983	1984	1985	1986	1987
0+1+22+4	All food items	Exp.	16.0	29.6	24.5	28.1	26.7	26.3	27.2	25.0	22.2	21.7
		Imp.	28.3	31.8	27.9	29.2	30.4	30.5	32.4	31.7	31.6	30.0
041-045	Cereals	Exp.	42.8	49.8	59.2	45.9	57.3	51.8	64.8	56.6	67.3	66.6
		Imp.	20.3	20.0	19.0	19.2	22.4	21.3	23.6	22.1	25.0	22.1
22	Oil seeds	Exp.	8.7	14.0	17.1	26.2	37.3	18.5	23.8	18.8	20.0	15.6
		Imp.	26.5	39.5	23.0	29.0	29.3	14.0	19.2	22.2	16.7	12.6
2-(22+27) +28)	Agricultural raw materials	Exp.	19.4	26.4	29.0	30.0	30.3	31.0	30.0	30.7	32.0	30.7
		Imp.	45.5	43.2	42.9	38.3	37.2	39.4	36.4	34.4	35.0	31.8
27, 28	Crude fertilizers Mineral ores	Exp.	5.1	8.1	12.1	13.9	13.2	13.7	13.7	17.2	19.6	22.1
		Imp.	53.4	35.7	36.9	37.7	35.0	36.2	28.0	31.1	30.9	32.7
26	Textiles fibres	Exp.	15.6	20.6	22.4	21.9	24.2	28.0	27.2	32.5	38.9	34.4
		Imp.	35.8	31.6	26.8	25.6	26.0	29.8	30.3	30.5	33.6	27.1
4	Animal and vegetables oils & fats	Exp.	17.1	29.5	45.5	50.4	48.9	49.4	54.4	54.1	55.7	53.1
		Imp.	21.7	35.3	42.7	47.4	47.4	49.5	52.8	55.4	52.4	52.4
3	Mineral fuels	Exp.	19.9	21.1	21.7	24.9	28.4	29.3	27.0	32.0	32.7	30.8
		Imp.	81.9	90.9	88.1	86.3	84.7	83.0	81.9	79.1	76.9	73.9
5	Chemicals	Exp.	52.3	50.2	46.7	46.4	43.2	52.5	48.7	46.1	49.1	49.1
		Imp.	8.8	11.3	11.8	12.6	14.4	15.2	15.2	15.9	16.6	17.3
6+8-(67+68)	Other manu-tured goods	Exp.	28.6	25.6	31.5	33.0	31.7	29.4	24.8	24.0	22.0	21.0
		Imp.	28.6	20.1	23.2	23.8	24.1	25.4	25.2	26.9	27.0	29.9
67	Iron and steel	Exp.	46.5	46.0	48.5	48.9	53.1	45.7	39.4	39.7	36.6	34.6
		Imp.	8.3	7.7	7.7	11.3	13.9	17.2	19.3	18.5	17.7	17.4
68	Non-ferrous metals	Exp.	6.5	17.7	17.4	22.9	20.7	20.2	20.0	20.3	23.6	24.9
		Imp.	23.2	35.8	30.6	31.9	32.6	31.3	29.8	32.9	32.0	31.8
7	Machinery & transport equipment	Exp.	45.1	44.4	46.2	46.2	41.8	34.0	30.0	29.0	26.9	25.4
		Imp.	3.3	5.2	8.5	8.8	8.5	9.6	10.8	11.9	11.1	12.6
84	Clothing	Exp.	13.5	10.7	15.8	17.1	15.1	13.7	10.6	10.2	9.1	8.7
		Imp.	29.5	42.1	44.9	43.5	43.1	44.7	43.7	50.1	46.2	43.9
65	Textile yarn	Exp.	39.8	37.2	42.3	44.8	43.9	45.2	40.7	39.8	40.3	39.7
		Imp.	29.7	30.6	34.2	34.1	34.2	38.4	38.4	39.3	40.6	43.6
732.1,69 733.1,4	Passenger motor vehicles	Exp.	77.2	77.6	79.3	69.1	61.5	59.6	55.4	39.4	23.7	15.5
		Imp.	3.8	11.9	9.4	10.9	8.9	9.5	11.2	10.9	10.5	10.7
(5-8)-(67+68)	Manufactured products	Exp.	32.9	32.3	37.3	38.2	36.0	32.9	29.4	27.8	25.9	24.7
		Imp.	8.3	9.7	13.4	13.9	14.0	15.3	16.2	17.0	16.7	18.6
0-9	Total	Exp.	19.8	22.9	24.9	28.0	29.9	29.7	27.5	29.2	27.8	26.4
		Imp.	18.9	26.5	30.0	30.0	30.3	30.2	29.6	30.8	26.7	25.3
(0-9)-3	Total excluding petrol	Exp.	19.5	25.3	30.1	32.8	31.7	30.1	28.1	27.4	25.4	24.7
		Imp.	13.4	14.3	16.8	17.2	17.2	18.5	19.6	20.2	19.2	20.1

Source: UNCTAD, Handbook of International Trade and Statistics, various issues.
United Nations, Monthly Bulletin of Statistics, May 1988, 1989.

Table 5

Level of development and trade control measures

		Customs receipts as percentage of imports (trade weighted)				Frequency of NTMs (unweighted average)
		1980	1983	1985	1987	
Industrialized countries (10)		1.4	1.5	1.6	1.7	13.9
of which						
United States		2.9	3.2	3.4	3.5	
Japan		2.0	2.1	2.1	3.0	
EEC (8)		0.6	0.6	0.6	0.5	
Developing countries GDP/capita	(Number)					
Above $5,000	6	1.4	1.7	1.6	1.6	7.1
$1,500-$5,000	9	8.3	7.9	7.8	8.9	35.6
$500-$1.500	25	14.0	15.7	17.8	18.7	58.7
Below $500	22	17.3	22.0	24.3	30.0	65.9
Total developing countries	62	10.7	11.9	13.1	14.8	60.9

Source: IMF, Government Finance, 1988
IMF, International Financial Statistics
UNCTAD Trade Control Measures Information System

NOTE: "/ " - NTMs (Non-Tariff Measures) are compiled on the basis of 1987 data.

Table 6

Major products traded among developing countries and corresponding trade control measures

SITC Rev.2	PRODUCT Description	TRADE FLOWS 1985 (million US$) Total Imports	Imports from DC's	Total Exports	Exports to DC's	TARIFFS & PARA-TARIFFS (%) Mean Tariff	Tariff Range Min.	Max.	Ave. Total Charges	NTM FREQ.(%) All Measures	Quant. Restr.
00	Live animals for food	1717.61	511.70	681.17	454.17	10.8	0.0	133.2	16.9	64.4	45.9
01	Meat & meat preparations	2966.76	789.00	2198.98	748.45	30.6	0.0	226.0	39.5	72.8	58.0
0114	Poultry fresh child.frzn	588.12	162.21	218.36	47.91	30.5	0.0	179.0	39.1	79.5	65.4
02	Dairy product, birds' egg	3953.74	279.70	1128.47	242.44	21.9	0.0	268.0	28.6	73.5	54.2
02242	Milk dry,1.5% fat or less	655.07	17.32	72.92	7.31	13.1	0.0	70.0	18.3	78.5	58.5
02243	Milk dry,over 1.5% fat	774.13	27.96	425.65	18.06	15.2	0.0	110.0	21.1	79.2	56.4
0230	Butter	735.10	18.76	18.68	16.10	22.7	0.0	100.0	29.5	67.4	49.6
03	Fish,crustaceans,molluscs	1746.74	650.74	5086.49	525.45	30.1	0.0	238.0	39.8	67.8	51.2
04	Cereals and preparations	16180.10	3635.18	4988.82	2871.65	18.1	0.0	160.0	24.9	68.9	51.1
0411	Durum wheat unmilled	1196.34	57.50	18.46	7.30	4.8	0.0	60.0	9.6	74.2	55.1
0412	Other wheat etc unmilled	5264.12	455.99	1144.26	426.81	5.8	0.0	60.0	10.6	71.9	52.1
04221	Rice milled unbroken	1730.60	1163.40	1074.65	870.78	12.6	0.0	50.0	18.0	78.1	63.5
0430	Barley unmilled	930.51	61.04	53.97	43.79	7.5	0.0	60.0	12.7	62.7	48.5
0440	Maize unmilled	1899.64	608.37	1163.61	545.81	10.0	0.0	100.0	15.4	68.2	51.9
04601	Flour of wheat or meslin	854.33	34.77	206.88	96.95	17.4	0.0	100.0	24.2	78.1	60.7
05	Vegetables and fruit	3974.38	1720.19	3856.63	1602.17	35.3	0.0	500.0	45.2	69.1	53.1
06	Sugar,preparations &honey	1861.79	777.95	6800.04	1042.46	36.2	0.0	200.0	47.3	69.5	54.0
0612	Refined sugar etc	1073.91	322.80	752.62	144.19	27.6	0.0	120.0	36.5	74.2	60.1
07	Coffee,tea,cocoa,spices	2590.67	1934.61	16500.96	1630.34	31.7	0.0	405.0	41.7	65.0	44.8
0741	Tea	855.34	696.51	1545.48	548.71	27.5	0.0	110.0	35.7	65.2	45.7
08	Feeding stuff for animals	1685.93	474.37	3477.18	503.20	12.8	0.0	125.0	19.2	60.8	41.6
09	Edible products nes	1504.30	262.87	432.89	187.39	36.7	0.0	320.0	45.8	65.0	45.8
09809	Misc food preprtions nes	826.05	66.85	140.17	49.41	33.5	0.0	200.0	42.3	63.2	45.0
11	Beverages	1070.24	115.80	532.56	129.65	76.1	0.0	3000.0	89.4	75.5	65.6
12	Tobacco & manufactures	1823.54	287.68	2140.95	287.06	47.5	0.0	400.0	58.5	65.7	46.9
1222	Cigarettes	814.87	68.45	128.30	91.48	71.6	0.0	400.0	88.1	71.6	58.5
21	Hide,skin & furskins,raw	912.08	55.30	322.29	48.66	15.4	0.0	150.0	22.5	58.9	37.6
22	Oil seeds & oleagns fruit	1630.47	433.63	2155.64	407.81	16.3	0.0	110.0	22.8	63.5	43.7
2222	Soya beans	770.73	177.30	1618.38	179.37	13.3	0.0	60.0	19.3	63.5	43.3
23	Crude rubber	1865.59	1175.27	3526.95	985.01	14.0	0.0	100.0	20.4	53.9	30.9
23202	Other natural rubber	831.41	795.62	2480.97	643.13	14.0	0.0	100.0	20.6	55.1	29.2
24	Cork and wood	2419.43	1106.18	4001.01	1023.84	19.6	0.0	160.0	29.4	60.9	36.3
24821	Lumber sawn etc conifers	887.77	202.76	195.57	89.90	19.8	0.0	150.0	30.2	62.9	39.3
25	Pulp and waste paper	1443.06	181.93	661.11	173.83	10.7	0.0	100.0	16.9	57.6	33.1
26	Textile fibres & wastes	4188.21	1088.58	3735.66	979.72	16.4	0.0	200.0	23.7	61.5	37.4
2631	Cotton,not carded, combed	1504.34	428.52	2228.59	432.95	12.3	0.0	60.0	19.3	62.7	37.1
27	Crude fertilizer & matrl	2826.32	767.35	2286.69	654.39	13.9	0.0	150.0	22.3	57.5	34.8
2741	Sulphur	984.13	64.83	242.43	155.86	14.2	0.0	100.0	22.2	58.4	34.3
28	Metal. ores & metal scrap	3083.31	1266.34	7839.67	938.10	10.2	0.0	300.0	16.4	55.9	31.0
28209	Iron & steel scrap, nes	622.31	48.07	133.42	32.07	10.1	0.0	100.0	16.2	58.4	37.6
29	Crude materials, n.e.s.	1198.44	319.55	1579.43	370.66	19.1	0.0	200.0	26.5	57.7	36.7
32	Coal,coke and briquettes	3700.55	80.78	263.27	70.13	9.5	0.0	51.0	17.9	58.6	33.8
3221	Anthracite,not agglomrted	835.71	14.56	35.01	7.45	8.9	0.0	51.0	17.4	56.2	33.7
3222	Oth coal,not agglomerated	1942.49	28.79	161.70	34.34	9.1	0.0	51.0	17.6	56.2	33.7
33	Petroleum, products	52935.83	39925.12	182668.78	42134.01	15.8	0.0	200.0	22.2	63.7	38.8
3330	Petroleum oils, crude	29772.68	25382.90	140542.48	28195.59	10.5	0.0	100.0	16.8	70.2	42.7
33411	Motor, aviation spirit	1093.54	705.97	2594.02	713.73	16.6	0.0	100.0	22.8	71.3	47.8
33419	Other light petrol. oils	626.60	201.74	6304.11	1028.04	17.9	0.0	100.0	24.1	69.2	45.0
33421	Kerosene incl. jet fuels	1322.36	710.29	1618.27	592.78	14.6	0.0	100.0	21.0	74.3	49.0
3343	Gas oils	4122.30	2279.06	6770.75	1578.62	16.3	0.0	100.0	23.5	70.8	45.5
3344	Fuel oils, n.e.s.	5264.45	1515.91	17352.27	2556.56	14.8	0.0	100.0	21.1	70.8	46.6
33451	Lubrication petrol. oils	1758.51	523.14	520.18	139.24	19.6	0.0	100.0	26.2	68.9	46.1
34	Gas,natural & manufactrd	2195.01	975.18	13122.87	1013.07	13.8	0.0	60.0	20.5	62.5	40.7
35	Electric current	53.54	0.00	120.88	16.37	6.9	0.0	51.0	12.6	60.0	35.0
41	Animal oils and fats	497.07	43.78	108.31	49.17	21.8	0.0	200.0	29.2	63.2	43.3
42	Fixed vegetable oil & fat	4516.73	2523.60	5527.14	2892.88	24.6	0.0	200.0	31.6	71.6	54.8
4232	Soya bean oil	1472.33	698.31	436.57	242.64	22.6	0.0	200.0	29.3	74.2	58.2
4242	Palm oil	1161.13	1092.39	1552.30	734.72	22.6	0.0	200.0	29.3	70.2	53.4
43	Oils-fats,processed,waxes	827.38	622.55	956.27	696.05	21.0	0.0	200.0	28.2	61.3	37.6
43131	Fatty acids, acid oils	614.54	553.84	731.38	553.04	19.8	0.0	200.0	26.5	59.3	34.3
(5-8)-68	MANUFACTURED PRODUCTS	246331.74	36647.37	122189.09	33115.12	24.5	0.0	500.0	32.8	60.9	39.5
51	Organic chemicals	8920.81	932.48	3003.13	828.20	15.2	0.0	330.0	21.7	57.6	32.1
51569	Oth heterocyc cmpds, etc	851.64	25.78	306.43	38.76	12.3	0.0	100.0	18.7	57.0	32.1
52	Inorganic chemicals	3919.86	824.86	1733.01	736.36	14.1	0.0	250.0	20.5	56.5	31.8
53	Dye,tan & colour material	2529.24	232.33	421.70	237.03	21.8	0.0	150.0	29.2	58.7	36.2
5311	Synthetic orgnic dyestuff	762.48	24.45	58.34	23.06	15.5	0.0	150.0	22.0	55.5	33.6
54	Med. & pharmaceutical prd	4671.20	469.42	945.88	457.24	11.1	0.0	110.0	16.8	59.4	39.4
54179	Medicament w/ other subst	1616.01	139.79	363.34	136.13	11.3	0.0	100.0	16.1	64.0	48.3
55	Essential oils & perfume	2134.84	364.53	611.29	302.94	34.8	0.0	250.0	44.2	62.7	43.1
5530	Perfumery,cosmetics,etc	649.20	70.52	120.16	76.17	43.9	0.0	250.0	64.0	65.0	50.9
56	Fertilizers,manufactured	3574.58	743.11	1592.29	834.92	4.7	0.0	100.0	10.1	66.8	43.8
56216	Urea	650.33	139.94	532.98	301.66	4.8	0.0	60.0	10.2	68.5	45.5
56292	Nitro..phosph fertilizer	597.41	84.21	265.58	106.77	5.3	0.0	60.0	10.8	65.8	44.0
57	Explosives & pyrotechnic	434.10	188.57	247.84	203.34	30.4	0.0	150.0	38.9	73.6	58.7
58	Artif.resins,plastic mat.	6644.15	1040.11	1865.58	929.55	22.5	0.0	200.0	29.8	56.8	32.5
58311	Polyethylene, prime forms	794.73	88.99	391.47	156.62	18.2	0.0	200.0	24.7	59.4	34.5
5839	Oth polymerization etc pd	710.01	55.24	99.71	35.89	22.3	0.0	200.0	29.4	58.8	33.9
59	Chemicals n.e.s.	4947.96	446.38	870.65	422.99	17.6	0.0	200.0	24.4	57.8	34.8
5911	Insecticides, for retail	692.26	42.69	58.23	37.70	15.1	0.0	100.0	21.1	69.6	50.0
5982	Anti-knock preparations	775.95	42.09	117.08	62.86	17.3	0.0	100.0	24.3	58.8	35.9
59899	Oth chemical products nes	1152.05	67.81	274.08	90.37	17.6	0.0	150.0	24.1	58.0	33.9

SITC Rev.2	PRODUCT Description	TRADE FLOWS 1985 (million US$) Total Imports	Imports from DCs	Total Exports	Exports to DCs	TARIFFS & PARA-TARIFFS (%) Mean Tariff	Tariff Range Min.	Max.	Ave. Total Charges	NTM FREQ.(%) All Measures	Quant. Restr.
61	Leather & dressed furskis	1316.27	360.55	1716.19	218.30	27.7	0.0	150.0	36.8	57.7	36.5
62	Rubber manufactures,nes	2727.22	403.36	1225.12	486.49	24.6	0.0	150.0	32.0	57.6	34.9
6252	Tyres, new, bus or lorry	649.30	83.04	182.01	53.00	28.5	0.0	150.0	35.7	61.5	38.8
63	Cork & wood manufactures	1119.36	634.81	1917.38	488.66	31.2	0.0	300.0	42.1	61.2	38.2
64	Paper and paperboard	4993.24	676.81	1282.79	662.22	26.5	0.0	200.0	34.1	60.3	40.4
6411	Newsprint	587.00	52.00	63.79	41.15	12.2	0.0	100.0	18.7	61.8	41.6
65	Textile yarn and fabrics	14514.41	5073.23	10875.36	3777.86	34.5	0.0	300.0	44.7	65.2	43.9
65224	Bleachd cotton fabric nes	907.03	198.58	519.27	156.46	34.8	0.0	200.0	45.4	69.1	47.4
65315	Cont syn txtl fabric nes	1367.89	390.68	1016.13	529.42	28.7	0.0	300.0	51.0	65.8	43.3
66	Non-metallic mineral manf	7805.45	1352.39	3835.85	1202.69	27.8	0.0	300.0	37.5	59.9	39.0
6612	Cement	1396.54	362.90	490.43	308.09	19.4	0.0	100.0	28.5	67.2	48.4
66722	Diamond, sorted	1048.33	22.94	300.66	16.05	28.1	0.0	200.0	40.5	62.9	42.7
67	Iron and steel	17209.18	2733.32	7209.61	2754.01	16.1	0.0	300.0	22.7	60.1	37.1
67271	Iron, simple steel coils	1019.34	149.70	519.05	130.48	12.5	0.0	100.0	19.1	57.3	35.8
67326	Bar,other than hot-rolled	1263.04	351.82	411.33	187.09	18.6	0.0	100.0	25.4	62.3	40.8
67461	Sheet & plate, non-carbon	1408.11	160.12	310.91	87.03	14.7	0.0	100.0	20.9	62.9	38.2
6747	Tinned plates and sheets	813.57	43.43	44.51	15.74	14.7	0.0	100.0	21.1	62.4	39.3
67491	Sheets and plates, n.e.s.	869.93	66.32	216.71	68.81	18.0	0.0	100.0	24.0	63.9	39.5
6782	Seamless tubes	1464.57	119.31	289.26	143.87	20.1	0.0	300.0	26.9	62.0	38.9
6783	Tubes and pipes n.e.s.	1188.78	94.78	675.12	138.41	21.2	0.0	300.0	28.4	62.4	41.0
68	Non-ferrous metals	4693.30	1290.40	8780.72	1324.00	15.9	0.0	150.0	22.9	58.1	33.5
69	Metal manufactures,n.e.s.	9484.05	1568.87	3848.38	1640.88	26.0	0.0	300.0	33.9	59.8	38.1
6911	Strctre & pts,iron or stl	2472.34	602.29	833.65	590.50	29.2	0.0	300.0	36.5	64.2	49.2
69541	Interchangeable tools	590.93	42.13	135.65	42.98	16.2	0.0	85.0	22.8	56.6	31.6
71	Power generating machines	10323.61	546.28	3506.90	508.64	14.0	0.0	300.0	20.4	58.0	36.1
7139	Piston engn. parts nes	2279.52	76.69	410.53	55.31	18.6	0.0	100.0	25.2	57.4	37.3
71623	Gen. sets w/ piston engn	683.08	34.12	30.74	8.94	15.4	0.0	100.0	22.2	61.0	39.4
72	Spec.industrial machinery	17951.19	1460.97	2267.53	1257.78	11.9	0.0	300.0	17.9	58.0	36.5
7224	Wheeled tractors n.e.s.	725.03	64.33	90.20	59.55	11.0	0.0	90.0	16.7	68.7	48.9
7239	Parts of const. machinery	2470.02	232.63	617.64	235.14	11.5	0.0	300.0	17.0	56.3	35.6
72848	Oth specialized machinery	1991.14	96.12	160.29	98.66	15.7	0.0	300.0	21.7	59.2	38.0
72849	Parts of spec.machine nes	723.56	29.96	49.43	31.61	14.0	0.0	110.0	20.4	55.7	34.5
73	Metalworking machinery	2930.62	176.85	349.51	116.48	13.5	0.0	250.0	19.8	57.3	36.6
74	Genr.industrial machinery	18119.29	1024.26	2577.82	1049.52	17.6	0.0	200.0	24.3	57.5	36.0
7415	Air conditioning machines	811.81	36.70	104.45	37.26	34.2	0.0	200.0	42.4	61.3	43.5
7416	Heating,cooling equip.nes	1423.71	68.46	77.96	35.15	14.8	0.0	85.0	21.3	56.8	35.9
7431	Pumps for gases etc	925.28	44.17	181.69	62.47	17.8	0.0	110.0	24.7	57.4	36.7
7436	Gas,liquid filters etc	587.92	21.85	35.75	12.96	20.6	0.0	120.0	27.2	57.8	36.7
74428	Oth handling etc machines	696.79	36.26	79.07	21.88	13.8	0.0	100.0	20.7	55.7	35.8
7491	Ball,roller,needle bearng	824.69	46.24	268.46	86.36	16.4	0.0	70.0	22.3	57.6	34.8
7492	Taps & simular appliance	1682.39	83.37	192.75	53.89	19.8	0.0	105.0	27.1	56.9	36.9
7493	Transmission shafts, etc	968.11	50.95	144.89	44.10	18.6	0.0	100.0	25.4	56.1	34.4
75	Office machines	6269.19	717.62	3865.93	491.17	23.0	0.0	200.0	30.7	59.1	35.9
7522	Digital computers *	628.84	28.03	164.71	10.03	21.8	0.0	200.0	29.5	61.2	37.1
7525	Peripheral units	674.54	43.31	904.71	81.05	21.5	0.0	200.0	28.7	61.3	37.1
7599	Parts of calc. etc machin	1329.95	172.66	966.12	126.01	20.6	0.0	200.0	28.2	55.4	32.2
76	Telecom. & record apprtus	11186.48	1253.48	6745.61	1050.65	35.5	0.0	500.0	45.3	66.5	45.3
7611	Colour TV receivers	655.29	132.99	883.01	151.09	41.4	0.0	500.0	51.0	70.5	52.8
76381	Magnetic TV recorder	738.03	43.76	327.32	36.50	41.2	0.0	300.0	51.8	62.4	42.1
7641	Line telephone, etc equip	1536.23	56.73	219.17	17.66	21.3	0.0	110.0	29.6	62.8	40.0
7643	TV,radio transmitters etc	868.46	14.79	150.28	15.53	32.0	0.0	500.0	39.7	72.0	50.8
76491	Parts of line tele. etc	722.13	36.60	89.31	9.98	20.0	0.0	100.0	27.3	59.7	36.1
76493	Parts of telecom. eqp.nes	1795.09	85.66	1091.50	118.08	33.6	0.0	500.0	42.3	68.1	46.9
77	Electrical machinery,nes	21545.53	3616.30	12011.43	2813.56	25.4	0.0	500.0	33.2	59.8	37.2
7721	Switchboard & control pnl	3458.52	254.61	989.06	276.47	23.9	0.0	100.0	31.2	58.3	34.9
7731	Insulated wire and cable	1845.19	175.76	892.23	186.55	25.8	0.0	150.0	32.8	64.3	43.5
7764	Electronic microcircuits	1865.43	334.98	3741.47	672.64	21.3	0.0	100.0	28.0	60.1	34.8
77689	Parts of electronics nes	2527.10	308.23	548.58	115.54	19.9	0.0	100.0	26.9	59.1	33.8
78	Road vehicles	20169.25	1622.27	4651.97	1759.95	27.4	0.0	400.0	35.8	66.2	47.9
7810	Passenger motor vehicles	5853.47	528.37	1139.60	135.89	51.9	0.0	350.0	66.8	80.0	65.7
7821	Lorries,trucks, etc	3782.11	327.38	388.74	72.48	33.9	0.0	400.0	43.7	76.6	62.2
7822	Special purpose vehicles	685.83	59.63	103.03	29.83	19.8	0.0	120.0	27.2	64.4	43.8
7849	Parts of motor-vehicles	5627.65	315.58	1129.22	253.06	23.8	0.0	105.0	30.6	64.6	40.8
79	Other transport equipment	13571.70	3431.49	8357.47	3833.75	11.9	0.0	200.0	18.2	59.2	36.6
7924	Aircraft nes over 15000kg	1583.32	40.00	615.49	84.50	11.9	0.0	200.0	17.7	60.9	38.4
7929	Parts of aircraft	2271.22	53.45	316.29	37.27	9.0	0.0	100.0	14.5	57.6	32.0
79322	Tankers of all kinds	369.25	97.32	404.97	184.94	12.8	0.0	100.0	18.9	59.0	40.9
79323	Other cargo vessels	4568.77	2021.51	5625.47	2467.58	13.1	0.0	50.0	19.3	60.7	42.6
79382	Light vessels, etc nes	631.73	269.51	118.48	42.33	10.4	0.0	49.0	16.3	58.2	35.2
81	Sanitary,etc fixtures	854.13	91.04	319.40	82.35	29.9	0.0	300.0	40.0	59.9	39.6
82	Furniture & parts thereof	1758.13	194.41	1239.07	195.31	43.9	0.0	160.0	54.4	67.0	54.1
82192	Wood furniture n.e.s.	609.63	35.11	396.67	29.98	48.7	0.0	160.0	61.1	69.9	58.1
83	Travel goods & handbags	501.75	112.90	990.84	70.42	45.0	0.0	150.0	57.5	65.4	52.8
84	Apparel & clothing access	4602.60	1489.80	18055.26	1340.34	47.1	0.0	300.0	60.4	71.0	56.6
85	Footwear	918.53	309.66	4065.02	234.77	39.3	0.0	150.0	50.8	66.2	50.4
87	Scientific & control inst	5429.64	237.66	924.83	217.59	14.8	0.0	120.0	21.1	56.3	32.6
87483	Electro. measuring etc eq	1317.28	44.07	136.91	33.19	14.6	0.0	100.0	20.7	56.8	34.8
88	Optical goods & watches	5008.40	783.47	2207.09	540.29	27.1	0.0	160.0	35.0	58.4	35.0
88511	Pocket-watches	845.20	43.06	186.37	29.69	31.6	0.0	105.0	41.3	59.7	39.9
89	Misc. manuf articles, nes	8245.48	1533.35	6851.64	1348.87	30.7	0.0	300.0	40.0	61.0	41.3
89211	Printed books, brochures	636.47	96.24	161.53	86.95	4.2	0.0	80.0	8.6	64.0	46.5
89399	Plastic articles n.e.s.	663.22	87.45	219.83	76.79	30.1	0.0	300.0	38.1	65.6	44.7
89731	Precious metal jewellery	891.14	42.02	418.11	120.84	46.1	0.0	175.0	60.7	68.5	52.7

Source:

- TCM: UNCTAD computer files based on published official national sources.
- Trade: UNCTAD estimates based on COMTRADE D and non-D series data.

Table 7

Export financing schemes and value of manufactured exports in 65 developing economies

Group	Number of economies	Ranges of manufactured export value (mil $)	Average manufactured exports (mil $)	Average per-capita GNP ($)	(1) Preshipment export finance		(2) Short-term postshipment finance		(3) Medium/long-term postshipment finance		(4) Preshipment export finance guarantee		(5) Export credit insurance/ guarantee	
					Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Group I	13	0-27	13.0	351.0	1	12	1	12	1	12	0	13	1	12
					(8)	(92)	(8)	(92)	(8)	(92)	(0)	(100)	(8)	(92)
Group II	13	29-59	44.0	637.0	1	12	3	10	0	13	0	13	1	12
					(8)	(92)	(23)	(77)	(0)	(100)	(0)	(100)	(8)	(92)
Group III	13	76-337	196.0	706.0	10	3	5	8	4	9	0	13	4	9
					(77)	(23)	(38)	(62)	(31)	(69)	(0)	(100)	(31)	(69)
Group IV	13	346-2,534	1,009.0	1,086.0	12	1	12	1	4	9	5	8	11	2
					(92)	(8)	(92)	(8)	(31)	(69)	(38)	(62)	(85)	(15)
Group V	13	2583-30,723	11,600.0	2,522.0	13	0	13	0	9	4	5	8	12	1
					(100)	(0)	(100)	(0)	(69)	(31)	(38)	(62)	(92)	(4)
Total	65		2,572.4	1,060.4	37	28	34	31	18	47	10	52	29	36
					(57)	(43)	(52)	(48)	(28)	(72)	(15)	85)	(45)	(55)

Note: In this table, (i) only those economies with readily available manufactured export data are included; (ii) Hong Kong is included in the "yes" category of each section, because of the private arrangements that facilitate access to export finance. Figures in parentheses are percentage shares. Export values and GNP per capita data are for 1985.